2 Recession-Resistant Stocks for Conservative Investors

Description

The debate continues as to whether or not the rout in the oil patch is pushing the broader Canadian economy into a prolonged recession.

People may not be feeling it yet in their day-to-day lives, but the market is certainly indicating that rough times are on the horizon and cracks are even appearing in sectors beyond the commodity space.

With all this uncertainty in the air, I think conservative investors should consider **Telus Corporation** (TSX:T)(NYSE:TU) and **Metro Inc.** (TSX:MRU) right now.

Here's why.

Telus

A lot of companies say they have a customer-first strategy, but Telus actually walks the walk, and its investors are reaping the rewards.

The company recently reported solid earnings for the second quarter and the first half of 2015. Wireless EBITDA rose 4.6% and the company's blended average revenue per user increased 3% compared with the same period last year.

The focus on service has resulted in Telus claiming the industry's lowest mobile churn rate. This is important because smartphone customers are a lucrative bunch and it costs a lot of money to convince them to sign up, especially now that three-year contracts are a thing of the past.

The wireline division is also on a roll, with subscription gains in both its Telus TV and broadband Internet groups.

Telus has a great track record of dividend growth. In fact, management has increased the distribution 11 times in the past five years.

The current payout of $1.68 per share yields about 3.8%. In a market where dividends are being cut left, right, and centre, investors can feel comfortable knowing the distribution at Telus is rock solid.

Telus also rewards shareholders through its buyback plan. In the first half of this year the company spent $324 million on share repurchases.

People might cut back on nights out at the movies when they want to save some money, but very few will give up their mobile phones or Internet service.

Metro

If you live in Ontario or Quebec, you have probably spent some money at Metro’s grocery and pharmaceutical stores. The company has high-end and discount brands, so it does well in all economic situations.

For the quarter ended July 4, sales hit $3.8 billion, a 6.1% increase over the same period last year. Net earnings rose 13.1% to $163.5 million.

Metro pays a quarterly dividend of 11.7 cents per share that yields about 1.24%. Investors shouldn’t be put off by the low yield because the dividend-growth rate is top notch. The stock is also up more than 150% in the past five years, which isn’t bad for safe-haven investment.

Whether the economy is booming or not, people have to eat and take their medicine, and that’s the kind of business you want to own when times get tough.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:MRU (Metro Inc.)
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